

AN ORDINANCE **97666**

AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE SEGAL COMPANY (EASTERN STATES), INC. TO PROVIDE ACTUARIAL SERVICES RELATED TO THE FIRE AND POLICE RETIREE HEALTH CARE FUND, AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF THE AGREEMENT; AUTHORIZING PAYMENT IN THE AMOUNT OF \$30,000.00 FOR AN ACTUARIAL STUDY; AND AUTHORIZING THE PROVISION OF CONTINGENT ADDITIONAL SERVICES, AT THE SOLE DISCRETION OF THE CITY, IN AN AMOUNT NOT TO EXCEED \$20,000.00.

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WHEREAS, the Fire and Police Retiree Health Care Fund ("Fund") was originally established pursuant to the respective Fire and Police collective bargaining agreements to provide post-employment health care benefits for San Antonio Fire Fighters and Police Officers who retired from the City on or after October 1, 1989; and

WHEREAS, effective October 1, 1997, with the passage of Senate Bill 1568, the Fund was created as a separate and distinct statutory trust; and

WHEREAS, the Fund is governed by a nine member Board of Trustees which is responsible for the investment of the assets of the Fund; and

WHEREAS, contribution and benefit levels are determined by the respective collective bargaining agreements with the Fire and Police Associations; and

WHEREAS, actuarial valuations have been performed periodically to determine the actuarial position of the Fund; and

WHEREAS, while there is no specific standard for this type of Fund, the Texas State Pension Review Board for pension plans utilizes a benchmark of 30 years for the amortization period of the unfunded liability with 40 years as the maximum acceptable amortization period; and

WHEREAS, the Board of Trustees of the Fund have had actuarial valuations performed annually for the last three (3) years which have significant differences in the underlying assumptions and reveal resulting required contributions ranging from 9.4% of covered payroll to 19.93% of covered payroll; and

WHEREAS, under these studies, the total forecasted contribution ranges from approximately \$17.4 million to \$38.5 million for Fiscal Year 2004; and

WHEREAS, as a result of the very different outcomes of these studies and the significant potential impact to the active police and fire members, retirees, and the City, it is necessary to have an independent review and valuation by another actuarial firm; and

WHEREAS, the firm of The Segal Company (Eastern States), Inc. has submitted a proposal to perform these professional services for an amount not to exceed \$30,000.00, with a provision of contingent additional services, at the sole discretion of City, for an amount not to exceed \$20,000.00; and

WHEREAS, the City staff has selected The Segal Company (Eastern States), Inc. to perform these professional services after review through the Review Committee; and

WHEREAS, it is necessary to authorize execution of a professional services agreement and payment; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager, or her designee, is hereby authorized to execute a professional services agreement with The Segal Company (Eastern States), Inc. to provide actuarial services related to the Fire and Police Retiree Healthcare Fund for an amount not to exceed \$30,000.00, with a provision for contingent additional services, to be performed at the sole discretion of City, for an amount not to exceed \$20,000.00. In the event the City desires more than three (3) meetings in person with the Consultant, any additional charges incurred are hereby authorized to be paid under the provision of contingent additional services. The professional services agreement, in substantially final form, is attached hereto as Exhibit I and incorporated herein for all purposes. The terms of said contract are hereby approved. The City Manager, or her designee, is authorized to execute any and all documentation necessary to affect said relationship.

SECTION 2. Funds are hereby authorized to be encumbered and paid from the General Fund, in Index Code 665547, entitled Third Party Review, (Activity 80-02-06) in an amount not to exceed \$30,000.00 for the execution of an agreement with The Segal Company (Eastern States), Inc. to provide actuarial services related to the Fire and Police Retiree Health Care Fund.

SECTION 3. Funds are hereby authorized to be encumbered and paid from the General Fund, in Index Code 665547, entitled Third Party Review, (Activity 80-02-06) in an amount not to exceed \$20,000.00 for contingent additional services, to be performed at the sole discretion of the City.


SECTION 4. In the event the City receives assistance for a portion of the funding for services performed under the agreement from the Fire and Police Associations, the City's General Fund will be reimbursed for the Associations' respective share.

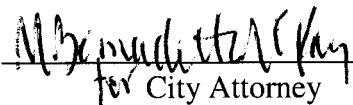
SECTION 5. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or her designee, correct allocations to specific index codes and fund numbers as necessary to carry out the purpose of this Ordinance.

SECTION 6. This ordinance shall take effect ten days from the date of passage.

PASSED AND APPROVED this 22nd day of May, 2003.


M A Y O R
EDWARD D. GARZA

ATTEST: 
City Clerk

APPROVED AS TO FORM: 
for City Attorney